

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 5787
 Kalyn Free for Congress and Loyce)
 Bell, in her official capacity as treasurer)
 Kalyn Free)

GENERAL COUNSEL'S REPORT #3

I ACTIONS RECOMMENDED.

Accept the attached conciliation agreement with Kalyn Free and Kalyn Free for Congress and Loyce Bell, in her official capacity as treasurer, (the "Committee") and close the file

II. BACKGROUND

The Commission previously found reason to believe that Kalyn Free and the Committee violated 2 U S C § 439a(b)(1), the personal use provision of the Federal Election Act of 1971, as amended (the "Act"), in connection with the Committee's overpayment of salary to Kalyn Free, a candidate for U S Congress from Oklahoma in 2004. In addition, the Commission found reason to believe that the Committee violated 2 U S C § 434(b)(2), (3) and (8) by misreporting various receipts and debt relating to the salary payments and to candidate advances

The Commission's reason to believe findings were based on the Committee's payment of a \$50,000 salary to Kalyn Free that was first reported after Ms Free's losing primary election ended. Since committees may not pay candidates a salary after they lose a primary election, see 11 C F R § 113.1(g)(1)(i)(I), and no salary payments to Ms Free had previously been reported as debt, the Reports Analysis Division questioned the payment, and raised the issue of the personal use of campaign funds. Thereafter, the Committee determined that Ms Free was only entitled to \$21,000, based upon the pro rata share of the salary of a member of Congress in 2004 during the applicable time period. At that time, the Committee also determined that Ms Free had advanced \$14,659 of her own money on campaign expenses, although none of this amount previously had

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1 been reported as candidate advances or debt The Committee netted the \$29,000 salary
2 overpayment with the \$14,659 in expenses and determined that Ms Free only owed \$14,341 to
3 the Committee, which she repaid in installments over a period of a year During our
4 investigation, however, Ms Free and the Committee were unable to document \$6,906 of the
5 \$14,659 in expenses that the Committee had netted against the overpayment of salary See
6 General Counsel's Report #2 at 1-6

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1 **III DISCUSSION**

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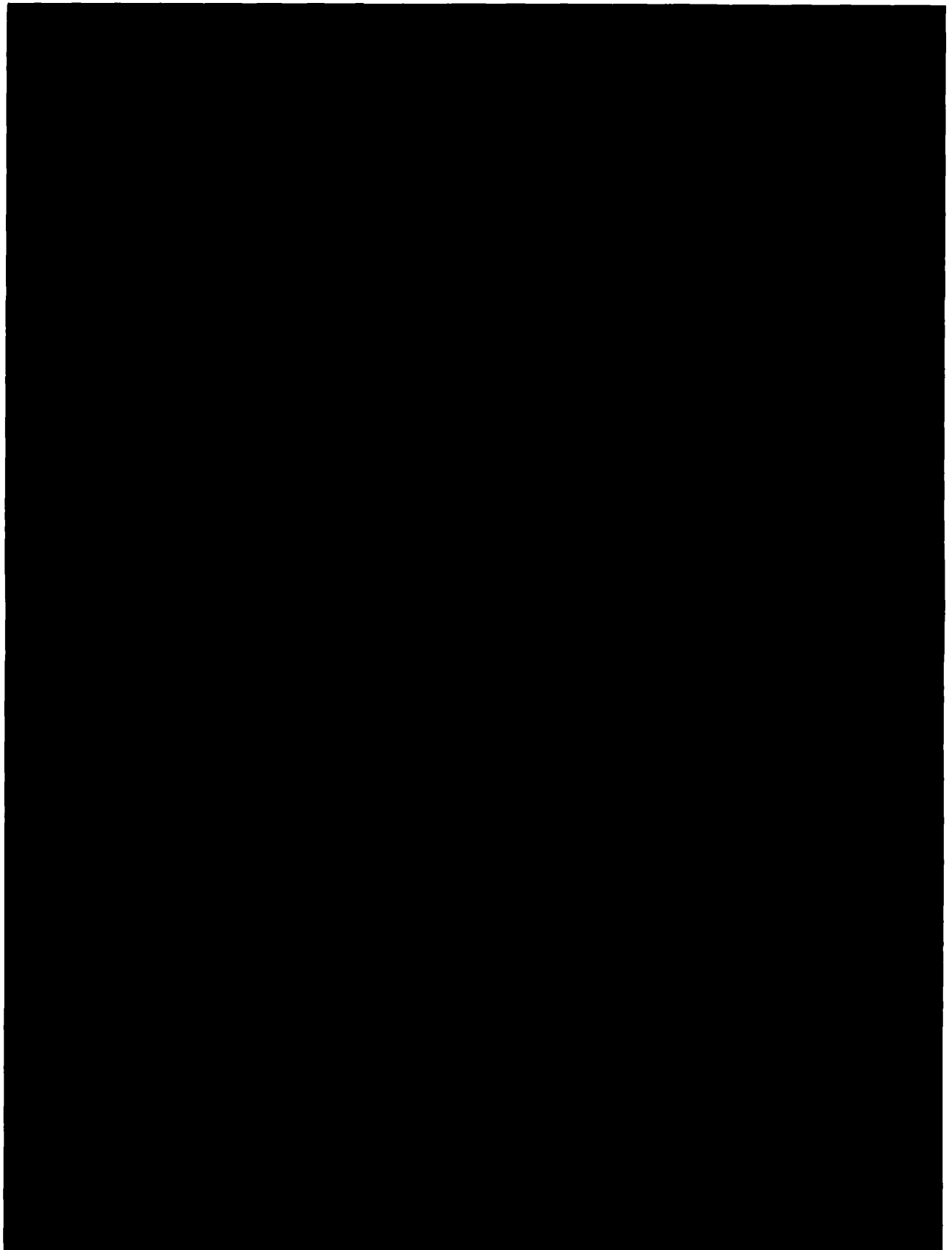
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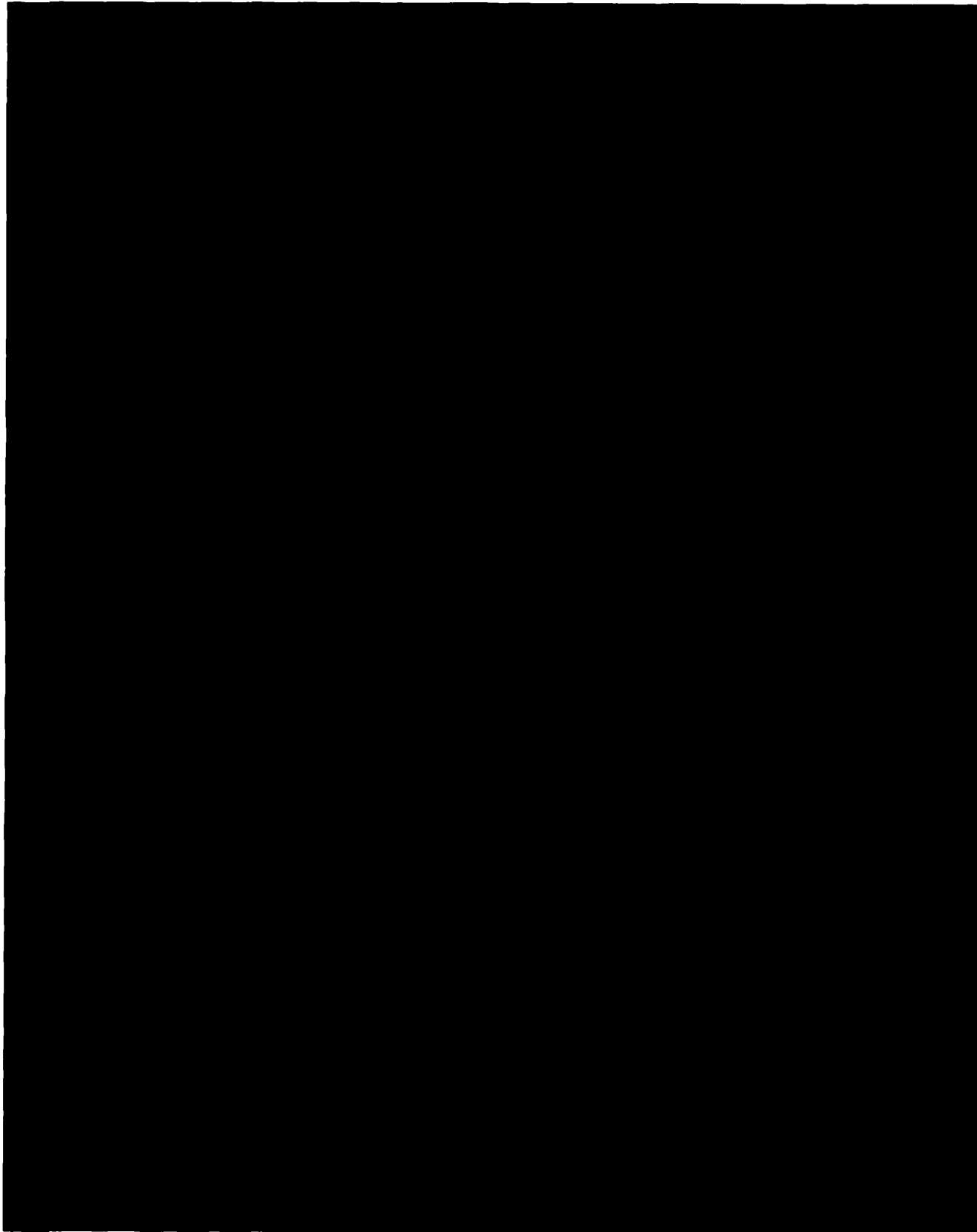
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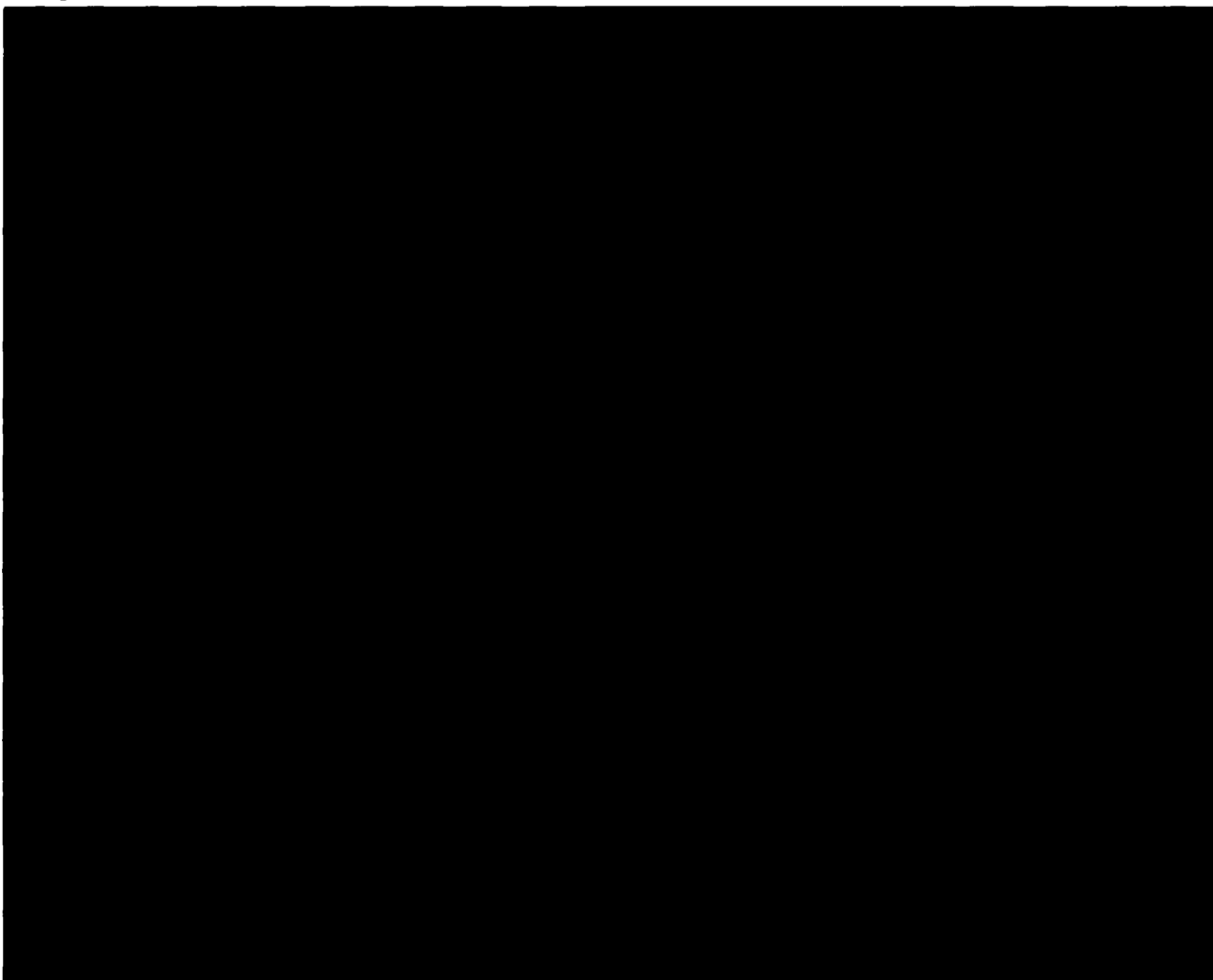
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15 **For the foregoing reasons, we recommend that the Commission accept the signed**
16 **conciliation agreement with Kalyn Free and Kalyn Free for Congress and Loyce Bell, in her**
17 **official capacity as treasurer, and close the file**



IV. RECOMMENDATIONS

- 1 Accept the attached conciliation agreement with Kalyn Free and Kalyn Free for Congress and Loyce Bell, in her official capacity as treasurer
- 2 Close the file
- 3 Approve the appropriate letters

Thomasenia P Duncan
General Counsel

Ann Marie Terzaken
Associate General Counsel for Enforcement

7/3/08
Date

BY

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